

Report of	Meeting	Date
Head of Shared Assurance Services	Audit Committee	20 January 2011

INTERNAL AUDIT INTERIM REPORT AS AT 26th November 2010

PURPOSES OF REPORT

- 1 The purposes of this report are to:
- advise members of the work undertaken in respect of the Annual Internal Audit Plan up to the 26th November 2010 and to comment on the results;
 - advise members of proposed revisions to the Internal Audit work programme for the remainder of the current financial year, which takes account of changing priorities and other developments that have occurred since the original Audit Plan was approved by members in March 2010;
 - give an appraisal of the Internal Audit Service's performance to date; and
 - inform members of any other developments involving or impacting upon the work of the Internal Audit Service.

RECOMMENDATIONS

- 2 That the report be noted.

CORPORATE PRIORITIES

- 3 This report relates to the following Strategic Objectives:

Strengthen Chorley's economic position in the central Lancashire sub region		Develop local solutions to climate change	
Improving equality of opportunity and life chance		Develop the character and feel of Chorley as a great place to live	
Involving people in their Communities		Ensure Chorley is a consistently top performing organisation	✓

- 4 The Accounts and Audit Regulations 2003 require every local authority to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices". Such practices are laid down as standards in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

- 5 The CIPFA Code of Practice defines Internal Audit as “an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources”.
- 6 The Internal Audit Service therefore seeks to provide assurance that the Council is a **consistently top performing organisation**.

BACKGROUND

- 7 This is the second progress report for the current financial year and covers the period between 1st April 2010 and 26th November 2010.

INTERNAL AUDIT PLAN

- 8 **Appendix 1** to this report provides a “snapshot” of the overall progress made in relation to the 2010/11 Internal Audit Plan, indicating which audits have been completed, those that are in progress and those that have yet to start. Appendix 1 also shows the time planned and the time spent as at the end of November on individual audits.
- 9 At the last meeting we advised members of the following:
- All the residual audit work in relation to the 2009/10 Audit Plan has now been completed;
 - That further work was requested in respect of the Asset Management Audit. This work is now nearing completion and a draft report will be produced in January;
 - That the Maintenance Inspections Regime Audit has been postponed to allow the implementation of new maintenance schedules to become embedded.
- 10 In addition to the above, the review of Planning Processes exceeded the planned time available. The work carried out included a review of the Play and Recreation Fund bidding process in relation to which an Executive Cabinet decision was made in September 2010. Following this decision further information was received which needed to be incorporated into the audit review.
- 11 **Appendix 2** provides a brief summary of the Internal Audit work undertaken to date, the assurance rating and any agreed areas for improvement.
- 12 All reviews were given adequate or substantial assurance rating except for the 2009/10 review of Cash and Bank which was given limited assurance. However, since the last progress report, 9 of the 11 management actions have been implemented. The remaining management actions in respect of the post opening procedures will be put in place as part of the restructure of Shared Financial Services, which is currently underway.

REVISED AUDIT PLAN 2010/11

- 13 The original Audit Plan was approved by members in March 2010 and reflected the prevailing organisational risks and priorities for Internal Audit at that time.
- 14 However, the Council does not operate in a vacuum. It is normal for the risk environment and the demands on Internal Audit time to change during the course of each financial year and it is therefore essential for Audit Plans to be flexible to meet such changing circumstances.
- 15 **Appendix 3** therefore contains a table showing the proposed variations to this year's Audit Plan and the underlying reasons for those changes.

- 16 Members will note that there is a net reduction of days in the Audit Plan. This is offered as a potential contribution to the efficiencies which the Council needs to make in the current financial year.
- 17 Members will also be aware that there are vacancies in the Internal Audit structure and the resulting salary savings have been used to procure internal audit resources from an external provider. It is therefore proposed to procure fewer days from the external provider than was originally planned for in the current financial year.

INTERNAL AUDIT PERFORMANCE

- 18 The table at **Appendix 4** provides information on Internal Audit performance as at the 26th November 2010.
- 19 The majority of the measures have either exceeded or are around target. However, performance indicator 4 (Priority 1) is below target. The 14 management actions not implemented have been given revised dates. Performance indicator 5 (Priority 1) is also below target. This is mainly due to the late implementation of management actions in respect of the Transport and Neighbourhood Assets reviews.

OTHER DEVELOPMENTS

Triennial Review

- 20 At the last meeting we informed members that the Audit Commission had completed their triennial review of the Internal Audit Service and that we were awaiting the results. We understand that the Audit Commission will provide the results either before or at this meeting.

Shared Services' Customer Survey

- 21 A customer survey of the Shared Services Partnership has recently been undertaken. The results were encouraging with Internal Audit receiving an overall customer satisfaction rating of 78% from respondents at Chorley.

IMPLICATIONS OF THE REPORT

- 22 The matters raised in the report are cross cutting and impact upon the authority as a whole rather than specific directorates.

GARRY BARCLAY
HEAD OF SHARED ASSURANCE SERVICES

Background Papers			
Document	Date	File	Place of Inspection
Accounts & Audit Regulations	2003	Shared Assurance Services	Civic Centre - Leyland

Report Author	Ext	Date	Doc ID
Jan Minchinton	01257 515468	4/1/2011	AC Interim Report Nov 10