

## PERFORMANCE AND GOVERNANCE COMMITTEE – SEPTEMBER 2011

### INTERNAL AUDIT PROGRESS REPORT – QUARTER 1

Report of the: Director of Corporate Resources

Status: For Decision

---

**This report supports the Key Aim of Effective Management of Council Resources**

**Portfolio Holder** Cllr. Ramsay

**Head of Service** Head of Finance and Human Resources – Mrs. Tricia Marshall

---

#### **Recommendations:**

1. That this Committee notes the content of the report and the progress made by the audit team in delivering the 2011/12 Annual Internal Audit plan
  2. That the committee notes that three audits from the 2011/12 Annual Plan may need to be deferred or cancelled
- 

#### **Introduction**

- 1 This report summarises the audits issued during the year to date and the progress of the team in delivering the Annual Internal Audit Plan 2011/12

#### **Summary of Issues Within the Report:**

- 2 A summary of progress made towards achieving the assurance requirement is attached as Appendix A to this report. Appendix B provides a brief summary of each final audit reports issued since the last meeting of the committee. Appendix C sets out the descriptions of the audit opinion for audit reviews.
- 3 The details on Appendix A set out progress to date against each audit in the Annual Internal Audit Plan for 2011/12, approved by the Performance and Governance Committee on 19 April 2011. Members may note that nine reviews have commenced since the start of the year, with two reviews having been finalised. Four of the remaining seven reviews are due to be finalised shortly. Thus 36% of reviews have commenced since April 2011.
- 4 The team has suffered some slippage in productive time due to one staff being on long term sickness since mid-July 2011. It is expected that the staff would return back to work in mid-September. However, in view of the productive days lost there is a need to consider alternatives to address the issue going forward. Management therefore propose to cancel or defer three reviews within the annual plan (see Appendix A). The reviews are Risk Management, Procurement and IT Implementation & Network Security. The cancellation or

postponement of these reviews should not have any significant impact on Internal Audit's ability to provide satisfactory assurance for 2011/12, as the Audit Manager intends to place reliance on alternative sources of assurance were appropriate, whilst preventing the need to recruit agency staff, which may not provide value for money for the Council.

### **Staffing**

- 5 The team commenced the year with a full staffing complement. However, long term sickness within the team has impacted on available resources within the reporting period.

### **Partnership Arrangements**

- 6 The partnership agreement with Dartford Council for the provision of Internal Audit and Anti-Fraud services is operating well at present. However, discussions are ongoing regarding how the risk management function would be organised. Proposals have been sent to the management team of both Councils regarding how this could be taken forward. Members of this committee would be given further details at the next meeting.

### **Key Implications**

#### Financial

- 7 This report has no financial implications.

#### Community Impact and Outcomes

- 8 Not applicable.

#### Legal, Human Rights etc.

- 9 This report has no additional legal implications save those relating to the Data Protection and Freedom of Information Acts.

#### Resource (non-financial)

- 10 There are no additional resource requirements impacting on this report.

#### Equality

- 11 There are no additional equality implications for this report.

#### Sustainability Checklist

- 12 Not applicable

#### Value for Money

- 13 There is no value for money implication.

**Conclusions**

14 The Committee is requested to adopt the recommendations set out above.

**Risk Assessment Statement**

15 The main risks identified are failure to achieve the assurance requirements for the current financial year through inadequate resource or quality of work performed and also the risk of the partnership with Dartford not succeeding. Failure to achieve the requirements may expose the Council to unforeseen risks; qualification of its accounts or negative comments by the Council's external auditors and inspectors respectively. Failure to make the partnership with Dartford succeed may have financial consequences at a time of financial uncertainties. It is management's view that the identified risks are being effectively managed and appropriate steps have been taken or are being taken to address any relevant issues identified that may impact on performance regarding the delivery of the Annual Internal Audit Plan, or the success of the partnership with Dartford.

**Sources of Information:** Internal Audit Annual Plan for 2011/12

**Contact Officer(s):** Bami Cole Ext. 7236

**Dr. Pav Ramewal**  
**Corporate Resources Director**

