

Report

Report subject: Internal Audit Performance against the plan, half-year report

Report to: Audit Committee

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1 Background

- 1.1 The report summarises the audit work carried out in the first half of 2005/6 against the audit plan for 2005/6.

2 Key Areas to note

- 2.1 Audit days in the period were 246. The tables at Appendix A show the key areas of audit activity for the period and the outputs from the team.
- 2.2 The principal areas where actual audit work varies from planned are:
- Inclusion of a follow up review at Five Rivers to determine progress since the previous year's report.
 - Completion of audits started in 2004/5 year.
 - Prevention of fraud & corruption audit work, which has already exceeded the 2005/6 audit plan budget as a result of investigations work.
- 2.3 To date only four reports have been finalised. Two received a higher level of assurance than in previous audits (Housing repairs stores and cash collection & banking). The other two areas had not been audited recently so a comparison is not possible.
- 2.4 Key areas of weakness identified are summarised below:

Housing repairs stores (follow up)

Failure to comply with purchasing rules in some areas and flaws within the database system. The follow up certificate for this audit has now been completed and the Service Unit Head has stated that the key areas have been addressed.



Awarded in:
Housing Services
Waste and Recycling Services



Cash collection & banking

Some delays were identified in the processing of bank credits and efficiency gains from Internet payments were not being achieved due to low take up. Actions to address these were proposed by the Service Unit Head.

Right to Buy

Legal and property records of sold properties had not been kept up to date due to the absence of a member of staff.

Waste Management

The audit identified a need to improve recycling performance if challenging targets are to be met. Comparisons with other councils also showed that value for money needed improvement. An action plan to address these weaknesses has been proposed by the Service Unit Head with the majority of actions planned to be implemented by 1st December 2005.

3 Risk-based audits

- 3.1 A change to audit reporting was implemented for 2005/6 audit reports which focused on risk rather than proposing recommendations. Managers have been asked to consider the risks and propose their own actions to address them. Feedback from managers has so far been positive, particularly so where the risks relate to the achievement of corporate objectives and there may be more than one approach to the risk raised. There have been some areas for improvement identified by managers, particularly in the clarity and wording of the risks, which Internal Audit will be aiming to improve upon.

4. Future performance

- 4.1 There has been some slippage against the plan for the reasons identified in paragraph 2.2 above. It should be noted that there is always the need for the completion of audit work from the previous year so this is not unusual. It is hoped that demand for work in excess of the agreed plan will be lower in the second half of the year allowing the team to focus on the planned audits.

5. Recommendation

- 5.1 The Committee should note the performance of internal audit and the outputs from audit work in the first half of 2005/6.

Internal Audit Plan 2005/6

Summary of Internal Audit reports issued as a result of audit work in the first half of 2005/6.

Audit	Planned days	Actual days to 30/9/05	Audit Opinion (Final reports only)	Comments
Housing repairs (stores)	6	8	Limited	
Cash collection & banking	10	9	Substantive	
Waste Management	20	25	Limited	
Right to Buy	8	10	Substantive	
Purchasing arrangements	20	15		Draft issued
Budget management	18	20		Draft issued
Housing advances	8	10		Draft issued
Benefit verification (half yearly check)	8	5	N/A	First check complete
National fraud initiative, review of data matching results	5	4	N/A	Complete

Audits in Progress

Audit	Planned Days	Actual Days to 30/9/05
CCTV Contract	8	8
Planning applications & fees	10	6
Fraud risk assessment	5	4
Debtors	12	3
Management of sickness absence (now deferred until quarter 4)	10	1

Other significant areas of work

Audit Area	Planned Days	Actual Days to 30/9/05
Prevention of fraud & corruption <ul style="list-style-type: none"> • Preventative work • Investigations 	20	26 <ul style="list-style-type: none"> • 4 • 22
Statement on Internal Control	5	3
Help & advice	40	20
Risk management development	5	4
E-procurement	20	3
Audit Committee, establishment & reporting	8	12
Follow up review on Five Rivers	0	11
Completion of 2004/5 audits	0	23