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Report

Subject : Internal Audit Update
Report to : Audit Committee
Date : Thursday 10 January 2008
Author : Chief Internal Auditor

1 Introduction:

1.1 The report summarises the work undertaken since the last Audit Committee in September.

2 Recent Audit Reports:

2.1 Since the last meeting both of the outstanding reports from 2006/7 have been finalised.

Audit Area	Level of Assurance	Audit opinion on proposed management actions at the point the report was issued
Officers and Members expenses	Substantive on officers and Limited for Members expenses	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.
Governance arrangements for the council's partnerships (October 2007 update)	Limited	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.

For both areas the decision on the establishment of Wiltshire Council has meant that development work which would have lead to improved internal control has not been agreed.

2.2 Audit reports from the 2007/08 audit plan have been issued on the following areas since the September meeting.



Awarded in:
 Housing Services
 Waste and Recycling Services



Audit Area	Level of Assurance	Audit opinion on proposed management actions at the point the report was issued
Council Tax	Full	A Full Assurance will be maintained.
Affordable Housing Programme Management	Substantive	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.
Contract Final Accounts	Limited	The improvement in internal control should lead to a higher level of assurance.
Remote Access Management	Substantive	Report issued in draft November 2007.
Housing and Council Tax Benefits	Full	Report issued in draft December 2007.
Ordering and Purchasing arrangements	Substantive	Report issued in draft September 2007
Fraud risk standard	See report on Audit Committee agenda	

Work is in progress on the following audits:

- Vehicle workshops
- Payroll
- Debtors

2.3 Recent audits have identified good levels of control resulting in full and substantive assurance ratings. The audit area where Limited Assurance has been given is that of Contract Final Accounts. The key weaknesses identified were poor contract documentation which had resulted in arithmetic errors and a lack of independent review in some cases. Actions to address these weaknesses have now been proposed by managers.

3 Transition to Wiltshire Unitary:

3.1 At the last meeting it was agreed that some time in the audit plan would be set aside to support work on the transition to the new authority. One aspect was the task of reviewing existing arrangements for audit and risk management and identifying how they were to be addressed by the transition project. Following a meeting between audit representatives of all the Wiltshire councils and the Corporate Standards Manager at the County Council a list of key areas that did not appear to be adequately addressed by the existing transition project plans was identified. These included corporate governance arrangements, risk management, assurance framework and the role of the Audit and Standards Committee. A new part to the Resources workstream to cover 'Internal Governance' has now been created and will be led by the Corporate Standards Manager.

3.2 To support this I have been asked to collate base data on the audit and Audit Committee arrangements of the other councils. Further work is also likely on counter fraud arrangements, risk management and the assurance framework. At present there is still no definitive project plan for the Internal Governance project but it would be useful to bring it to a future meeting of this committee so that it can keep track of progress.

4 Recommendation:

4.1 The committee is asked to note the report.