



Audit Committee
17th December 2008

**Report from the Director of Finance
and Corporate Resources**

For Information

Wards Affected:
ALL

Report Title: 2nd Internal Audit Progress Report 2008/09

1. Summary

- 1.1. This report summarises the work of Internal Audit for the period from September 2008 to December 2008. The report also summarises the results of audit work to date and the adequacy and effectiveness of controls in the Council's systems where Internal Audit has issued final reports since September 2008.

2. Recommendations

- 2.1. That the Audit Committee note the progress made in achieving the 2008/09 internal audit plan.

3. Detail

- 3.1. The internal audit plan for 2008/09¹ comprises 1230 days, of which 970 have been allocated to Deloitte & Touche Public Sector Internal Audit Limited, and 260 to the in-house team.
- 3.2. As at the end of November 2008, 646 days had been delivered. These consist of 480 Deloitte days and 166 in-house days representing 53% of the plan.
- 3.3. It is recognised that delivery is not on course to achieve 75% by the end of the third quarter. At the last meeting of this committee² it was reported that failure to achieve 50% by the end of quarter 2 was not being raised as a concern with Members due to there being a large proportion of the remaining days already booked in across the second half of the year. To a certain extent this is still the case. However, the position has worsened to a degree due to a number of planned audits not going ahead. Reasons for this generally relate

to audits having been connected to projects / developments within the Council that have not progressed as previously expected and, hence, it is no longer appropriate to undertake the work. A proportion of the cancelled days also relate to the FMSIS assessments where schools have not prepared themselves in accordance with agreed deadlines and these are having to be postponed to 2009/10.

- 3.4. Given the cancellations / postponements a number of options are being considered for the utilisation of unused audit days. A number of additional audits and non-standard pieces of work have already been identified in relation to areas of emerging risk and areas in where internal audit are able to add value. It is likely, however, that all of the planned days will not be fully utilised by year-end.
- 3.5. A similar situation arose in 2007/08 when the plan was delivered by year-end with the exception of 30 days. These were carried forward to help cover the increased number of FMSIS assessments requiring completion. Dependent upon the extent to which non-plan audits are identified, it is likely that a number of days from this year's plan will be carried forward to 2009/10 to assist with the FMSIS postponements. The final deadline for all primary schools to have been assessed is 31 March 2010 and so no further postponements can take place in 2009/10. Carrying forward some days will help to ensure that the FMSIS assessments can be adequately resourced without having too great an impact on the coverage of the plan as a whole. The carry forward in relation to FMSIS assessments is forecast to be 40 days. This may change between now and the end of March 2008 as internal audit continue to liaise with Children & Families and Schools.
- 3.6. A significant amount of time has been spent to date on organising and undertaking the FMSIS assessments in the primary schools, as well as working with Education Finance to assist them with their understanding of the process and the support they are providing to the schools to move things forward. This has continued since the September Audit Committee meeting. There have also been a range of systems audits and IT audits undertaken, as well as a number of non-planned pieces of work in response to requests for additional work. A summary report setting out completed audit work is attached as Appendix 1.

4. Financial Implications

- 4.1. None

5. Legal Implications

- 5.1. None

6. Diversity Implications

- 6.1. None

7. Staffing/Accommodation Implications

7.1. None.

8. Background Papers

1. REPORT FROM THE DIRECTOR OF FINANCE - INTERNAL AUDIT PLAN for 2008/09, *Audit Committee –4th March 2008.*
2. REPORT FROM THE DIRECTOR OF FINANCE – 1st INTERNAL AUDIT PROGRESS REPORT 2008/09, *Audit Committee –24th September 2008.*

9. Contact Officer Details

Simon Lane, Head of Audit and Investigations, Town Hall Annexe.
Telephone – 020 8937 1260

Duncan McLeod
Director of Finance and Corporate Resources