



Audit Committee
29th September 2010

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

For Information

Wards Affected:
ALL

Report Title: 1st Internal Audit Progress Report 2010/11

1. Summary

- 1.1. This report sets out a summary of the work of Internal Audit for the period from 1st April 2010 to 31st August 2010. The attached report at Appendix 1 provides detail, together with the assurance ratings and priority 1 recommendations of those audits for which the final reports have been issued since April 2010.

2. Recommendations

- 2.1. The Audit Committee note the progress made in achieving the 2010/11 Internal Audit Plan.

3. Detail

- 3.1. The Internal Audit Plan for 2010/11¹ comprises 1201 days, of which 941 are allocated to Deloitte Touche Public Sector Internal Audit Limited, and 260 to the in-house team.
- 3.2. At the end of August 2010, a total of 331 days had been delivered against the overall Plan, made up of 229 Deloitte days and 102 in-house days. This represents 28% of the Plan.
- 3.3. In terms of the profile for 2010/11, in so far as it had been possible to allocate audits to a specific quarter prior to the start of the year, the majority of these have been progressed as planned. As such, it is noted that, in pure percentage terms, delivery is behind when compared to an even twelve month split. However, specific target percentages were not agreed for each quarter given that it had not been possible to profile all audits.
- 3.4. As has been the case in previous years, an even profile is not considered to be realistic. One reason is that there is a requirement for financial systems to

be audited towards the end of the year, in order for sample testing to cover a significant proportion of the accounting period and hence to satisfy the Audit Commission's assurance needs. In addition, for 2010/11, given that the Plan has been aligned to many of the developments taking place as part of the One Council programme, a further factor in the timing of audit work is the status of implementation of each of these developments. Internal Audit are currently reviewing the Plan in order to determine whether changes are now required in certain areas. Some audits will not proceed and alternative areas are being identified in which to undertake work, so as to ensure that the total planned days are delivered by year-end. Appendix B of Appendix 1 details progress by audit, together with the changes made to the Plan to date.

- 3.5. A number of systems audits have been completed and are in progress across the Council. In addition, as part of the focus on key developments, work has been undertaken in relation to the Corporate Property Review, one of the One Council Gold Projects, and Self Directed Support, which forms a key part of the Adult Social Care Transformation Programme. The work in respect of the Corporate Property Review has taken the form of a detailed adequacy assessment regarding the proposed Corporate Property Services Model. This type of work has previously been undertaken in relation to a number of development areas across the Council, most recently in connection with the Finance Modernisation Project. That work was completed as part of the 2009/10 Plan, but had not been reported on to the Committee at the time of the last meeting.
- 3.6. Computer audit work is also progressing, and has included an initial piece of work to assess the adequacy of controls that were being planned surrounding the migration to the Single Accounting System. A second piece of work will be undertaken in the coming months to assess the extent to which the controls were operated effectively.
- 3.7. The final key area of work has been in relation to schools. Each of the secondary schools were due for their three year renewal assessments against the Financial Management Standard in Schools (FMSiS). These have been completed, together with additional audit work as part of the programme of auditing each of the Foundation Schools. With the exception of one school, the draft reports and FMSiS assessment outcomes are currently being reviewed with the results to be issued shortly.

4. Financial Implications

- 4.1. None

5. Legal Implications

- 5.1. None

6. Diversity Implications

- 6.1. None

7. Background Papers

1. REPORT FROM THE DIRECTOR OF FINANCE – INTERNAL AUDIT PLAN FOR 2010-11, Audit Committee –3rd March 2010.

8. Contact Officer Details

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