

**Internal Audit Plan 2012/13: Progress Report**  
**Report by Gerald Tait, Risk and Audit Manager**
**1. Introduction**

This report presents progress with the Internal Audit Plan for 2012/13 as at the end of October 2012.

**2. Background**

The Internal Audit Plan for 2012/13 was approved by the Audit Committee last February with the agreement that its progress would be regularly reported to the committee.

As at the end of October, the achievements and outstanding assignments are as follows (where audits were rated, the grid at the end of this report was used to gauge the level of assurance):-

**Completed**

Audit Assignment	Level of Assurance
HR Transactional – internal check within the processes	Audit findings not scored; consultancy reported to Director, Corporate Resources
Property Maintenance Rechargeable Work	Amber – limited assurance
Performance Indicators	Amber – limited assurance
Strategic Environmental Assessment	Amber – limited assurance
Authorised Signatories System	Audit findings not scored; consultancy, providing advice on how the system could be enhanced
Internal Control – E-Learning course for managers	Audit findings not scored; consultancy in assisting managers develop their internal control skills
Internal Controls in Children's Centres	Audit findings not scored; consultancy. Head of Service asked for recommendations on internal control for the two new centres opening in 2013.
Waste Services	Investigation into conduct of an operative and allegations about other workers
Fuel Management - processes	Amber – limited assurance
Housing allocations	Audit findings not scored; consultancy
Help desk queries on internal control	-

**Started - Planned Work**

Audit Assignment	Progress Report
Framework computer system – control of commitments and payments – social care	The 'major contract – home care' below audit is being used to inform this audit.
Major contact – Lasswade High School replacement	Audit at about 35% stage

<b>Audit Assignment</b>	<b>Progress Report</b>
Major contract – home care	Audit at about 25% stage
Corporate IT Resilience	Audit at about 50% stage
Follow Up of a large number of previously made recommendations	Audit at about 50% stage
Property Maintenance – Term (3 years) Contracting	Audit at about 40% stage
Extended review of Authorised Signatories system	Audit at about 10% stage
Fraud and Corruption Policy and Whistle Blowing Procedures	Development of a revised policy and improved procedures is about at 50% stage.  Coinciding with a further review of the Bribery Act 2010 risk assessment  Coinciding with data matching exercises
Extension of Internal Control: E-Learning course for managers	Audit at about 50% stage Other managers being brought into the training
Fuel management - investigation	Internal Audit is liaising with the Police over alleged fuel pilfering. Investigation at an advanced stage.
Held-desk queries on internal control	-

### **Outstanding - Planned Work**

Total Repairs computer system – control of property maintenance works orders and expenditure
High-value electronic payments – controls operating in divisions
Council Tax
Housing and Council Tax Benefit
Data Protection – Follow Up
Code of Corporate Governance
Accounts Receivable – Follow Up
People Strategy
Business Transformation Programme
Emergency Planning and Business Continuity Management
Procurement
Help desk queries on internal control

### **Outstanding – Unplanned Work and Requests for Consultancy**

Acting Director, Communities & Wellbeing – review progress with Integration of Social Care and Health agenda.
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## **3. Report Implications**

### **3.1 Resource**

In terms of auditees, there are unlikely to be any direct resource implications arising from this report. The audit plan is commensurate with the audit resource within the Council.

### 3.2 Risk

With the present audit staffing complement and the way the Audit Plan is structured, the assurance work of Internal Audit is unlikely to stray from important matters for the Council. There is always a residual risk that investigations and consultancy could overtake routine checks on the main financial systems but this risk is being controlled.

Each internal audit assignment is examining the control of risk and the perception of risk that the auditee has. 'Risk' is central to each internal audit report. This can only strengthen the Council's approach to risk management and the internal control system.

### 3.3 Policy

**Strategy** – this report addresses directly the council's policy to have a robust internal control environment, management of risk and effective governance.

**Consultation** – the Internal Audit Plan has been discussed with the Chief Executive, Director, Corporate Resources, Head of Finance and Human Resources, External Audit, Audit Committee independent chair and within the Internal Audit team.

**Equalities** – during the internal audits completed to date, we found no equalities issues to report on. Going forward, the Corporate Improvement Team has invited Internal Audit to directly consider equalities in each audit assignment. This can be easily built into audit testing.

**Sustainability** – Internal Audit provides an independent assurance function which assists the sustainability of the Council's internal control system, governance and management of risk.

## 4. Recommendations

The Audit Committee is invited to:-

(1) Scrutinise the progress made with the 2012/13 Internal Audit Plan and note the audits still to be completed.





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**Internal Audit's mean of assessing the level of assurance it can provide at the conclusion of each audit assignment**

Full Assurance	<b>BLUE</b> 	There is a <u>sound system of internal control</u> designed to achieve the system objectives and the controls are being consistently applied. Risk is managed to a high standard.
Reduced Assurance	<b>GREEN</b> 	Whilst there is <u>basically a sound system of internal control</u> there are some areas where it is viewed improvements can be made and risk controlled further.
Limited Assurance	<b>AMBER</b> 	There are <u>weaknesses in the system of internal control</u> which should be addressed within a reasonable timescale. Improvements are required in the way risks are managed.
No Assurance	<b>RED</b> 	There are <u>significant weaknesses</u> in the system of internal control which must be addressed as a matter of urgency. Unnecessary risks are being carried and the Council remains exposed.