

**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 and members should refer to the attachment.

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.

Members of the committee will see that the Plan is meant to focus on key matters for the Council so that an optimum level of assurance is provided.

To date the following audit tasks are completed:-

- A review of controls in HR and Payroll;
- Improved reporting of outstanding audit recommendations;
- Performance Indicators and High Risks management;
- Updating the Fraud and Corruption Policy and Whistle Blowing Procedures;
- Further improvements in the Authorised Signatories database;
- Rolling out an Internal Control e-learning guide for employees involved with finance; and
- Three investigations have been concluded.

Other audit assignments have commenced and are at various stages:-

- Two social care contracts are being audited;
- The computer system (Frameworkki) in Adult and Community Care and Children and Families is being reviewed in terms of controlling commitments of expenditure and payments to service providers;
- Rechargeable works in Property Maintenance;
- Governance over Strategic Environmental Assessments; and
- Consultancy advice on financial control in Children's Centres

The above audits will be reported to the next Audit Committee.

With the return shortly from maternity leave of a Senior Auditor, the Internal Audit Plan appears achievable within the timescales of this financial year.

3. Report Implications**3.1 Resource**

There are unlikely to be any direct resource implications arising from this report.

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 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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