

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 January 2013.

2. Background

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

As at the end of January 2013, the achievements and outstanding assignments are as follows:-

Audit Assignment	Completed & Reported	Started and Nearly Complete	Not Started	Sub-Totals
MAIN FINANCIAL AND IT SYSTEMS				
HR and Payroll – examination of recent changes made to ITrent etc			√	
Property Maintenance Rechargeable Work	√			
Authorised Signatories System		√		
Internal E-Learning Course Development	√			
Further Roll-Out of E-Learning Course			√	
Fuel Management	√			
Corporate IT Resilience	√			
Registrars of Births, Deaths, Marriages and Civil Partnerships	√			
Framework Computer System – Control of Social Care and Children and Families Commitments of Expenditure and Payments			√	
Major Project – Lasswade High School Replacement	√			
Major Contract – Home Care	√			
Follow Up of Previous		√		

Audit Assignment	Completed & Reported	Started and Nearly Complete	Not Started	Sub-Totals
Audit Report Recommendations		(equivalent of 3 audits)		
Property Maintenance: Term Contracts		√		
Payment Card Industry Standard		√		
Carbon Management and Energy Saving		√		
Property Maintenance: Control of Works Orders			√	
High-Value Electronic Payments			√	
Council Tax			√	
Housing and Council Tax Benefit			√	
Non-Domestic Rates			√	
	7	8	8	23
CORPORATE RISK REGISTER				
Customers and Performance - PIs	√			
Compliance – Strategic Environmental Assessment (SEA)	√			
Internal Control System: Development of an Improved Fraud and Corruption Policy and Whistle Blowing Procedures	√			
Internal Control System: Review of potential for Fraud and Corruption		√		
Emergencies: Governance of Emergency Planning and Business Continuity Management			√	
Governance and Standards in Public Life – Code of Corporate Governance			√	
	3	1	2	6
CONSULTANCY				
Help-Desk Enquiries	√	√	√	
Governance of Social Care and Health Partnership			√	
HR and Payroll – Internal Check and Segregation of Duties	√			

Audit Assignment	Completed & Reported	Started and Nearly Complete	Not Started	Sub-Totals
Children's Centres Financial Control	√			
	3	1	2	6
INVESTIGATIONS				
Four investigations have been completed, while one is about to commence	√ (2)	√	√	4
TOTALS	15	11	13	39

Internal Audit Performance

The Audit Plan for 2012/13 indicated that within the available resource, around 30-35 audit assignments would be possible in the financial year. It would appear that the plan is being achieved. The only item of concern is that there may be an overrun into April and early May. However, I will be in a better position to report on this at the March Audit Committee.

The Audit Plan also projected a suitable allocation of resource across the four headings of Main Financial and IT Systems (main area for audit assignments), Corporate Risk Register, Consultancy and Investigations. Again, it would appear that this balance is achievable by the financial year-end.

Internal Audit Resource

The service has inevitably experienced some of the seasonal ills but only a few days have been lost to sickness absence. One trainee has completed his accountancy examinations and the other trainee has passed a couple of papers. Both trainees are advancing their auditing skills to the point of minimum supervision required from senior officers.

We are now fully collaborating with the Internal Audit section of East Lothian Council, sharing audit reports, ideas and heading in 2013/14 towards joint audits and greater collaboration. This work in reality adds to resource in each section.

3. Report Implications

3.1 Resource

There are no direct resource implications in 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, 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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