

**REPORT FROM: AUDIT AND PERFORMANCE MANAGER**

**TO: ACCOUNTS AND AUDIT COMMITTEE**

**DATES: 22nd MARCH 2016**

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**INTERNAL AUDIT UNIT – PROGRESS REPORT**

**PURPOSE OF REPORT**

The purpose of this report is to provide Members with an update on progress against the Internal Audit Plan for 2015/16 as at 29th February 2016.

**RECOMMENDATION**

It is recommended that Members:-

- (a) Note the progress made against the Audit Plan for 2015/16 set out at Appendix A.
- (b) Agree the adjustments to the Audit Plan for 2015/16 as set out in the table attached at Appendix B

**REASON FOR RECOMMENDATION**

To ensure that Members are kept informed of the ongoing progress relating to the Internal Audit Plan.

**AUDIT PLAN 2015/16**

1. The Internal Audit Plan for 2015/16 was drawn up using risk based analysis of the Council's systems and services and an estimate of staff leave and training requirements. The Plan currently comprises a total of 602 days audit time and is estimated to provide coverage of 60% of all auditable systems.
2. In order to ensure Members are kept informed of progress made against the Plan, regular monitoring reports are submitted to this Committee for consideration.
3. Attached at **Appendix A** are details of the work completed on system audits by the Internal Audit Unit for the period ending 29th February 2016. This provides a summary of the work performed and particulars of any significant issues that have arisen during this period. It can be reported that no "Limited Assurance" audit opinions have been issued. There was one

Limited Assurance audit from 2014-15 which was followed up during this period and as a result of management action taken this area was revisited and a “Substantial Assurance” audit opinion issued.

4. To the 29th February 2016 Internal Audit has used 549 days of staff resources. Bank Holidays and normal staff leave have accounted for 90 days. Professional CPD training and seminars have accounted for a further 8.6 days.
5. The percentage of days used for audits compared to the total days available to the end of February is 68.82%, the target is 70%. It is envisaged that the audit plan will be completed on target.

## **IMPLICATIONS**

**Policy:** There are no policy implications arising directly from the contents of this report.

**Financial:** There are no financial implications arising directly from the contents of this report.

**Legal:** The Council has a statutory duty to carry out internal audit of its systems and services, however, there are no direct legal implications arising from this report.

**Risk Management:** The Audit Plan is based on the results of a risk analysis exercise carried out with Service Managers prior to the compilation of the Draft Plan early in the year. However, there are no risk management implications arising directly from the contents of this report.

**Health and Safety:** There are no health and safety implications arising directly from the contents of this report.

**Climate Change:** There are no climate change implications arising directly from the contents of this report.

**Community Safety:** There are no community safety implications arising directly from the contents of this report.

**Equality and Diversity:** There are no equality and diversity implications arising directly from the contents of this report.

## **APPENDICES**

**Appendix A** – Progress with the 2015/16 Audit Plan

**Appendix B** – Adjustments to the Audit Plan 2015/16

## APPENDIX A

### INTERNAL AUDIT PROGRESS 2015/16 AUDIT PLAN

<u>Audit Title</u>	<u>Assurance</u>	<u>Days Planned</u>	<u>Actual Days to 29.2.16</u>
<b><u>2015/16 AUDITS COMPLETED</u></b>			
Immigration Inspections	Substantial	7	4
Homelessness	Substantial	7	7
Cemeteries	Substantial	7	6.8
Hackneys & Private Hire	Substantial	8	8
Env. Health Licences	Substantial	5	5
Recharges under P.H. Act	Substantial	7	7.4
Car Leasing	Substantial	7	6.9
Car Mileage	Substantial	7	7
Trade Waste	Substantial	8	8
Fixed Penalty Fines	Substantial	8	8
Customer Complaints System	Substantial	8	8.3
Members & Mayor's Allowances	Substantial	7	7
Business Support & Grants	Substantial	7	7
Tourism	Substantial	7	7
Engineering & Drainage Contracts	Substantial	7	9.9
Property Improvement Grants	Substantial	9	11
Pearl – THI Certification	Substantial	8	7.3
Freedom of Information	Substantial	7	8
Building Control Fees	Substantial	7	7
Post	Full	5	5
Treasury Management	Full	9	9
I.T. Security Policies	Substantial	15	15
I.T. Asset Management	Substantial	15	15
Local Land Charges	Substantial	8	8
Elections	Full	8	8

<u>Audit Title</u>	<u>Target Month</u>	<u>Status</u>	<u>Days Planned</u>	<u>Actual Days to 29.2.16</u>
<b><u>2015/16 AUDITS IN PROGRESS</u></b>				
Asset Management	March 16	Work in Progress	8	7.8
Stock – Waste Containers	March 16	Work in Progress	7	7
Land & Property	March 16	Work in Progress	10	9.9
Payroll	March 16	Work in Progress	10	10.8
Creditors	March 16	Work in Progress	10	10.8
Council Tax	March 16	Work in Progress	13	13
Pre Qualification and Tendering	March 16	Work in Progress	7	7
Collection	March 16	Work in Progress	11	11.7
Insurance	March 16	Work in Progress	8	8

Client Function	March 16	Work in Progress	8	8
Housing Benefits	March 16	Work in Progress	30	27.2
N.N.D.R.	March 16	Work in Progress	10	10
Main Accounting	March 16	Work in Progress	10	9.6
Vehicle & Plant	March 16	Work in Progress	7	7
Events & Outdoor Recreation	March 16	Work in Progress	6	6
Community Safety	March 16	Work in Progress	6	2

## **Classifications**

At the conclusion of each audit an overall opinion is given on the level of assurance which it is considered is provided by the controls in place within the audited system. The following classification of assurance levels has been adopted:

<b>Level</b>	<b>Definition</b>
1. Full Assurance	The controls appear to be consistently applied.
2. Substantial Assurance	Evidence was identified to suggest that the level of non-compliance with controls may put some of the system objectives at risk.
3. Limited Assurance	The level of non-compliance identified places the system objectives at risk.
4. None	Significant non-compliance with controls was identified leaving the system vulnerable to error and abuse.

## **Priority of Recommendations**

Audit recommendations are categorized by three priority levels: -

- Priority 1** Major issues that we consider need to be brought to the attention of senior management.
- Priority 2** Important issues which should be addressed by Management in their area of responsibility.
- Priority 3** Minor issues, which provide scope for operational improvement.

## **APPENDIX B**

### **ADJUSTMENTS TO THE AUDIT PLAN**

<b><u>Audit Area</u></b>	<b><u>Original Target</u></b>	<b><u>Variance Days</u></b>	<b><u>Revised Target</u></b>
Immigration Inspections	7.0	-3.0	4.0
Cemeteries	7.0	-0.2	6.8
Recharges under P.H. Act	7.0	+0.4	7.4
Car Leasing	7.0	-0.1	6.9
Customer Complaints System	8.0	+0.3	8.3
Engineering & Drainage Contracts	7.0	+2.9	9.9
Property Improvement Grants	9.0	+2.0	11.0
Pearl – THI Certification	8.0	-0.7	7.3
Freedom of Information	7.0	+1.0	8.0