

REPORT FROM: AUDIT AND PERFORMANCE MANAGER

TO: ACCOUNTS AND AUDIT COMMITTEE

DATES: 28th SEPTEMBER 2016

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INTERNAL AUDIT UNIT – PROGRESS REPORT

PURPOSE OF REPORT

1. The purpose of this report is to provide Members with an update on progress against the Internal Audit Plan for 2016/17 as at 31st August 2016.

RECOMMENDATION

2. It is recommended that Members:-
 - a) Note the progress made against the Audit Plan for 2016/17 set out at [Appendix A](#).
 - b) Agree the adjustments to the Audit Plan for 2016/17 as set out in the table attached at [Appendix B](#).
 - c) Review and approve the Internal Audit Quality and Improvement Plan attached at [Appendix C](#).

REASONS FOR RECOMMENDATION

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

AUDIT PLAN 2016/17

4. The Internal Audit Plan for 2016/17 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.
5. In order to ensure Members are kept informed of progress made against the Plan, regular monitoring reports are submitted to this Committee for consideration.
6. Attached at [Appendix A](#) are details of the work completed on system audits by the Internal Audit Unit for the period ending 31st August 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.

7. To the 31st August 2016 Internal Audit has used 244 days of staff resources. Bank Holidays and normal staff leave have accounted for 49.5 days. Professional CPD training and seminars have accounted for a further 2.9 days.
8. The percentage of days used for audits compared to the total days available to the end of June is 64.14%, the target is 70%. This is due to annual leave being taken over the summer months and it is envisaged that the audit plan will be completed on target.

INTERNAL AUDIT QUALITY AND IMPROVEMENT PLAN

9. The Council’s Internal Audit Quality and Improvement Plan, which sets out Internal Audit’s progress to compliance with the Public Sector Internal Audit Standards, has recently been revised and is attached at [Appendix C](#) for the Committee’s review and approval.

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 2016/17 Audit Plan

[Appendix B](#) – Adjustments to the Audit Plan 2016/17

[Appendix C](#) – Internal Audit Quality and Improvement Plan

APPENDIX A

INTERNAL AUDIT PROGRESS 2016/17 AUDIT PLAN

<u>Audit Title</u>	<u>Assurance</u>	<u>Days Planned</u>	<u>Actual Days to 31.8.16</u>
<u>2016/17 AUDITS COMPLETED</u>			
Markets	Substantial	8	10
Playing Fields	Substantial	8	10
Discover Pendle	Substantial	7	6.6
Petty Cash	Substantial	7	6

<u>Audit Title</u>	<u>Target Month</u>	<u>Status</u>	<u>Days Planned</u>	<u>Actual Days to 31.8.16</u>
<u>2016/17 AUDITS IN PROGRESS</u>				
Health & Safety	Sept. 2016	Work in progress	10	9.9
Gifts & Hospitality	Sept. 2016	Work in progress	7	7
Parking Enforcement	Sept. 2016	Work in progress	8	8.1
Printing & Stationery	Sept. 2016	Work in progress	7	8
Sundry Debtors	Sept. 2016	Work in progress	11	11
Mobile Phones	Sept. 2016	Work in progress	7	7
Women's refuge	Sept. 2016	Work in progress	8	8
Licensing	Sept. 2016	Work in progress	8	8
Cleansing sundry Income	Sept. 2016	Work in progress	8	8
Industrial & Commercial Rents	Sept. 2016	Work in progress	8	10
Collection & Income	October 2016	Work in progress	13	12.7
Env. Health Pest Control	October 2016	Work in progress	6	4
Treasury Management	October 2016	Work in progress	9	8.9
Town Centre Grants	October 2016	Work in progress	7	6

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:

Level	Definition
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

<u>Audit Area</u>	<u>Original Target</u>	<u>Variance Days</u>	<u>Revised Target</u>
Markets	8.0	+2.0	10.0
Playing Fields	8.0	+2.0	10.0
Discover Pendle	7.0	-0.4	6.6
Petty Cash	7.0	-1.0	6.0