

REPORT FROM: AUDIT AND PERFORMANCE MANAGER

TO: ACCOUNTS AND AUDIT COMMITTEE

DATES: 25th JANUARY 2017

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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 December 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](#).

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 December 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 December 2016 Internal Audit has used 431 days of staff resources. Bank Holidays and normal staff leave have accounted for 82 days. Professional CPD training and seminars have accounted for a further 7.2 days.
8. The percentage of days used for audits compared to the total days available to the end of December is 65.03%, 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.

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 A

INTERNAL AUDIT PROGRESS 2016/17 AUDIT PLAN

<u>Audit Title</u>	<u>Assurance</u>	<u>Days Planned</u>	<u>Actual Days to 31.12.16</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
Gifts & Hospitality	Substantial	7	7
Printing & Stationery	Substantial	7	8
Pendle Women's Refuge	Substantial	8	8
Industrial & Commercial Rents	Substantial	8	11
Town Centre Grants	Substantial	7	7.5
Mobile Phones	Substantial	7	8
I.T. Interfaces	Substantial	10	10
Parking Enforcement	Substantial	8	8.1

<u>Audit Title</u>	<u>Target Month</u>	<u>Status</u>	<u>Days Planned</u>	<u>Actual Days to 31.12.16</u>
<u>2016/17 AUDITS IN PROGRESS</u>				
Flexi-time System	Jan. 2017	Work in Progress	8	14.9
Health & Safety	Jan. 2017	Work in progress	10	9.9
Sundry Debtors	Jan. 2017	Work in progress	11	11
Licensing	Jan. 2017	Work in progress	8	9
Cleansing Sundry Income	Jan. 2017	Work in progress	8	8.5
Collection & Income	Jan. 2017	Work in progress	13	13
Env. Health Pest Control	Jan. 2017	Work in progress	6	7
Treasury Management	Jan. 2017	Work in progress	9	9.4
Hackneys & Private Hire	Feb. 2017	Work in progress	8	9.8
Creditors & Purchasing	Feb. 2017	Work in progress	10	12
Recycling	Feb. 2017	Work in progress	7	7.7
Planning Fees	Feb. 2017	Work in progress	7	8.5
Client Function	Feb. 2017	Work in progress	8	8
Insurance	Feb. 2017	Work in progress	8	7.8
Asset Management	Feb. 2017	Work in progress	8	6.5
Disc. Grants to Outside Bodies	Feb. 2017	Work in progress	5	5.8
Payroll	Feb. 2017	Work in progress	10	7.4
Council Tax	Feb. 2017	Work in progress	14	13.5

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
Printing & Stationery	7.0	+1.0	8.0
Industrial & Commercial Rents	8.0	+3.0	11.0
Town Centre Grants	7.0	+0.5	7.5
Mobile Phones	7.0	+1.0	8.0
Parking Enforcement	8.0	+0.1	8.1