Borough of Pendle

REPORT FROM: AUDIT MANAGER
TO: ACCOUNTS AND AUDIT COMMITTEE
DATES: 31st July 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 2017/18 at the quarter end to June 2017.

RECOMMENDATION

2. It is recommended that Members:-

a) Note the progress made against the Audit Plan for 2017/18 set out at **Appendix A**.

b) Agree the adjustments to the Audit Plan for 2017/18 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 2017/18

4. The Internal Audit Plan for 2017/18 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 522 days audit time and is estimated to provide coverage of 69% 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 30th June 2017. 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 30th June, Internal Audit has used 120 days of staff resources. Bank Holidays and normal staff leave have accounted for 26.5 days. Professional CPD training and courses have accounted for a further 4 days.

8. The Audit Manager has been involved in the external Peer Review assessment against the Public Sector Internal Audit Standards of Burnley Borough Council's Internal Audit Unit, this accounted for 7 days. This review was completed in June 2017.

9. The percentage of days used for audits compared to the total days available to the end of June is 63%, the target is 69%. This is largely due to a higher percentage of holiday leave being taken over the period.

10. There are currently no significant deviations arising which may impact on the delivery of the audit plan.

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 2017/18 Audit Plan

APPENDIX A

INTERNAL AUDIT PROGRESS 2017/18 AUDIT PLAN

Audit Title	Assurance	Days Planned	Actual Days
2017/18 AUDITS COMPLETED			
Homelessness	Substantial	7.0	7.0
Cemeteries	Substantial	7.0	7.0
Land Charges	Substantial	8.0	8.0
Town Centre Grants	Substantial	7.0	7.0

Audit Title	Target Month	Status	Days Planned	Actual Days 30.06.17
2017/18 AUDITS IN PROGRESS				
Car Mileage	July 2017	In progress	7.0	7.0
Freedom of Information	July 2017	In progress	8.0	7.0
Procurement	July 2017	In progress	8.0	8.0
Trade Waste	July 2017	In progress	8.0	7.0
Vehicle and Plants	July 2017	In progress	10.0	9.5

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 categorised 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.