

REPORT FROM: AUDIT MANAGER

TO: ACCOUNTS AND AUDIT COMMITTEE

DATES: 28th September 2017

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INTERNAL AUDIT UNIT – PROGRESS REPORT

PURPOSE OF REPORT

1. The purpose of this report is to:
 - a) Inform Members of the revised Internal Audit Charter that has been amended to reflect changes made to the Public Sector Internal Audit Standards (PSIAS).
 - b) Provide Members with an update on progress against the Internal Audit Plan to September 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](#) and agree any adjustments.
 - b) Approve the revised Internal Audit Charter & Code of Ethics attached at [Appendix B](#)

REASONS FOR RECOMMENDATION

3. To ensure that Members are kept informed of the ongoing progress relating to the Internal Audit activity.
4. Approval of the Internal Audit charter will meet one of the mandatory requirements contained within the PSIAS.

AUDIT PLAN 2017/18 UPDATE

5. 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.

6. In order to ensure Members are kept informed of progress made against the Plan, regular monitoring reports are submitted to this Committee for consideration.
7. Attached at [Appendix A](#) are details of the work completed on system audits by the Internal Audit Unit to September 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.
8. At the previous meeting of this Committee, Members queried planned audit activity regarding the Leisure Trust. 12 days have been allocated within the Audit Plan to review an aspect of the Trust’s activities. Following discussions with the Trust’s Finance Manager a timetable has been set to perform a review of the customer membership scheme in November 2017.
9. The annual audit plan includes a provision for computer audit. Merseyside Internal Audit Agency has been engaged to provide such a provision on behalf of the Council. The arrangement will provide assurance around IT controls. There is a separate report on the Agenda to this Committee which provides further details regarding the engagement.
10. There have been no significant deviations arising which may impact on the delivery of the audit plan. It is estimated that the audit plan will be delivered on time.

INTERNAL AUDIT CHARTER

11. The PSIAS came into effect from 1st April 2013 and replaced the former Code of Practice for Internal Audit in Local Government 2006. Amendments were made to the PSIAS in 2016 with the introduction of additional standards which became effective from 1st January 2017.
12. The Internal Audit Charter sets out Internal Audit’s remit and how it should operate and also incorporates a Code of Ethics, both are attached at [Appendix B](#) 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: 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

<u>Audit Title</u>	<u>Assurance</u>	<u>Days Planned</u>	<u>Actual Days</u>	<u>Variation +/-</u>
<u>2017/18 AUDITS COMPLETED</u>				
Homelessness	Substantial	7.0	7.0	0
Cemeteries	Substantial	7.0	7.0	0
Land Charges	Substantial	8.0	8.0	0
Town Centre Grants	Substantial	7.0	7.0	0
Car Mileage	Substantial	7.0	7.0	0
Engineering Contracts	Substantial	7.0	8.0	+1.0
Total Days variations				+1.0

<u>Audit Title</u>	<u>Target Month</u>	<u>Status</u>	<u>Days Planned</u>	<u>Actual Days September 2017</u>
<u>2017/18 AUDITS IN PROGRESS</u>				
Freedom of Information	Sep 2017	In progress	8.0	8.0
Procurement	Sep 2017	In progress	8.0	8.0
Trade Waste	Sep 2017	In progress	8.0	7.0
Vehicles and Plant	Sep 2017	In progress	10.0	9.5
Creditors and Purchasing	Sep 2017	In progress	13.0	14.0
Health and Safety	Oct 2017	In progress	8.0	7.0

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.