

**REPORT FROM: AUDIT MANAGER**

**TO: ACCOUNTS AND AUDIT COMMITTEE**

**DATES: 26<sup>th</sup> July 2018**

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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 2018/19 to the end of June 2018.

**RECOMMENDATION**

2. It is recommended that Members:-
  - a) Note the progress made against the Audit Plan for 2018/19 set out at [Appendix A](#) and agree any adjustments.

**REASONS FOR RECOMMENDATION**

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

**AUDIT PLAN 2018/19 UPDATE**

4. The Internal Audit Plan for 2018/19 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 535 days audit time, a chargeable audit resource of 338 days and is estimated to provide risk coverage of 68% 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 to June 2018. 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. There are 12 days allocated within the Audit Plan to review an aspect of Pendle Leisure Trust's activity. This review will be carried out towards the end of the financial year in consultation with the Trust's Management.
8. The plan also includes a bought in provision for computer audit services. Members will note, MIAA completed 3 reviews in 2017-18 (summary provided in the Annual Audit Opinion) and the arrangement would be reviewed annually. A report will be brought to this Committee for consideration once this arrangement has been reviewed.
9. The Chief Financial Officer and the Internal Audit Manager delivered a workshop on Principals of Good Governance to internal staff. Internal Audit provided an overview of its role as a key element and contributory to the Council's assurance framework.
10. We don't expect any significant deviations to arise which may impact on the delivery of the audit plan. At this stage it is estimated that the audit plan will be delivered on time.

## **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 2018/19 Audit Plan

## **APPENDIX A**

### **INTERNAL AUDIT PROGRESS 2018/19 AUDIT PLAN - June 2018**

<b><u>Audit Review</u></b>	<b><u>Commenced</u></b>	<b><u>Status</u></b>	<b><u>Assurance</u></b>	<b><u>Target Days</u></b>	<b><u>Actual Days</u></b>	<b><u>Variation</u></b>
Investigations & Fraud Work				20		
Creditors & Purchasing				13		
Insurance-Review				8		
Main Accounting System				10		
Treasury Management				9		
Client Function				9		
Procurement				8		
Pearl Contracts				8		
Mobile Phones	✓	In progress		8		
Land Charges				8		
Members & Mayor's Allowances	✓	Completed	Full	7	7	0
Post - Council/No.1				8		
Business Support & Grants	✓	In progress		7		
Property Improvement Grants	✓	In progress		9		
Womens Refuge	✓	Completed	Substantial	8	8	0
Fixed Penalty Fines	✓	In progress		7		
Payroll & Establishment				12		
IT Audits				15		
Leisure Trust				12		
Cleansing Sundry Income				8		
Corporate Health and Safety				9		
Cemeteries	✓	Completed	Substantial	7	7	0
Vehicles, Plant & Salvage				10		
Planning Fees	✓	In progress		8		
Licensing				9		
Hackneys and Private Hire				9		
Markets	✓	Completed	Substantial	8	8.3	0.3
Sundry Debtors				15		
Housing Benefits				30		
Income Collection & Reconciliation				11		
Council Tax				14		
NNDR				14		
				338	30.3	0.3

## **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.