
Report to Scrutiny Committee

Date: 25 February 2010

Subject: Internal Audit Progress Report - 31 December 2009

Report by: Finance Manager

1.0 Purpose

- 1.1. This report provides the quarterly update on the progress of the Internal Audit Annual Plan, as approved by Scrutiny Committee on 9 April 2009, in accordance with the Financial Regulations.
- 1.2. The report also provides the quarterly update on the progress of implementation of recommendations by Officers from previous Internal Audit Reports.

2.0 Recommendations

- 2.1. The Committee is asked to note the report and progress made to 31 December 2009.

3.0 Considerations

- 3.1. Progress on completion of the Annual Plan 2009-10, is summarised in the table below, with more detail being provided in Appendix A. Progress is still underway on reports from earlier Annual Plans.

Status of Audits	31 Dec 09	%	30 Sept 09
To be Commenced	4	25%	9
Onsite/Ongoing	10	63%	7
Draft Report Issued	2	12%	-
Final Report Issued	-	-	-
Total	16	100%	16

- 3.2. At 31 December 2009, ten audits in the 2009-10 Plan have commenced onsite, with three having the audit work completed and the reports currently being drafted. Three audits have had reports issued in draft from the 2008/09 Plan.
- 3.3. In addition, Appendix A reflects the audits relating to the Annual Plan 2008/09 which are still to be reported to Scrutiny Committee. Once the report has been finalised and reported to Scrutiny Committee, these audits will be removed from Appendix A.

Final Reports

- 3.4. One report has been issued in final from the 2008/09 Plan and is being presented to the Valuation Joint Board members on 19th February 2010.

Progress of Follow Up

- 3.5. Within Action Plans from previous Internal Audit Reports, there were one hundred and eight recommendations which were due to be implemented by 31 December 2009, arising from eighteen reports. The progress made by Officers on these recommendations is summarised in Appendix C and where not sufficiently implemented, revised dates have been agreed for all recommendations.
- 3.6. The progress of recommendations which have not been fully implemented will continue to be followed up by Internal Audit quarterly, until they have been adequately implemented.

4.0 Sustainability Implications

- 4.1. There are no sustainability implications.

5.0 Resource Implications

5.1. Financial Details

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

5.3. Staffing

- 5.4. There are no staffing implications.

6.0 Exempt Reports

- 6.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) Our Priorities 2008 - 2011 (Please tick ☒)

- | | |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses | <input type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/> |
| Our communities are safer | <input type="checkbox"/> |
| Vulnerable people and families are supported | <input type="checkbox"/> |
| Substance misuse and its effects are reduced | <input type="checkbox"/> |
| Health is improving and health inequalities are reducing | <input type="checkbox"/> |
| The environment is protected and enhanced for all | <input type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence | <input checked="" type="checkbox"/> |

(2) Council Policies (Please detail)

Financial Regulations

8.0 Equalities Impact

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☒

9.0 Legality

- 9.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A - Progress on approved Internal Audit Annual Plan

Appendix B - Definition of Assurance Assessments and Priorities

Appendix C - Progress of Follow Up of Internal Audit Reports

11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☒

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Susan Mackay	Finance Manager	452047

Approved by

NAME	DESIGNATION	SIGNATURE
Susan Mackay	Finance Manager	(Signed: S MacKay)
Angela Leitch	Chief Executive	(Signed: A Leitch)

PROGRESS ON APPROVED INTERNAL AUDIT ANNUAL PLAN

APPENDIX A

Audit	Annual Plan	Service	Weeks	Progress
Management of PPP Contracts	2009-10	Corporate	6	To Be Commenced
Information Security	2009-10	Corporate	6	Onsite
Procurement	2009-10	Education	6	Onsite
Capital Expenditure	2009-10	Finance	6	Draft Report Issued
Purchase Ordering, Invoicing and Payment	2009-10	Finance	6	Onsite
Gas Inspections in Council Housing	2009-10	Housing	5	Draft Report Issued
Data Protection	2009-10	HR	6	Onsite
Child Protection	2009-10	Social Work	6	To Be Commenced
Management of Client Monies	2009-10	Social Work	6	Onsite
Management of MAPAA	2009-10	Social Work	6	To Be Commenced
Purchase Cards	2009-10	Corporate	5	Onsite
Financial and Operating Controls x 3	2009-10	Education	8	Onsite
Waste Management	2009-10	Environmental	6	Onsite
Fleet Management	2009-10	Property Services	6	To Be Commenced
Governance	2009-10	Related Companies	6	Onsite
Governance	2009-10	Valuation Joint Board	4	Onsite
Allocation of Council Housing	2008-09	Services To People	5	Draft Report Issued
Political Governance	2008-09	Chief Executive	6	Draft Report Issued
Payroll review - Assessors	2008-09	Corporate Development	5	Final Report Issued
Capital Contract Management	2008-09	Property Services	-	Ongoing
Council Tax	2008-09	Corporate Development	5	Draft Report Issued

**DEFINITION OF ASSURANCE ASSESSMENTS
AND PRIORITIES**

APPENDIX B

Assurance	Definitions
Significant Assurance	There are sound controls operating within the system and these are complied with consistently. Risks are being controlled or mitigated. Good practice is in operation.
Reasonable Assurance	There are controls operating within the system. Some improvements could be made to further enhance the control environment. Significant risks are being adequately controlled/mitigated.
Limited Assurance	There are only minimal controls operating and the control environment requires to be improved. Risks are not being controlled/mitigated adequately.
No Assurance	There is an absence of basic controls within the system. A control environment must be established. Risks are not being controlled/mitigated.

Priority	Definition
1	There is a fundamental absence of control(s) which should be addressed immediately.
2	There is an absence of control(s) which should be addressed at the earliest opportunity.
3	There is an immaterial breakdown in control(s) which should be addressed as soon as practically possible.
4	A matter for consideration which is a point of good practice or could improve the effectiveness of the arrangements.

PROGRESS OF FOLLOW UP OF INTERNAL AUDIT REPORTS TO 31 DECEMBER 2009

APPENDIX C

Report Title	Priority				Number of Recommendations	Recommendations Implemented	Recommendations Outstanding	Priority	
	1	2	3	4				1 - 2	3 - 4
Business Continuity - Emergency	-	11	1	1	13	7	6	5	1
Budgeting Monitoring	2	10	-	-	12	4	8	8	-
Community Chest	-	1	-	-	1	0	1	1	-
Council Imprest	-	1	-	-	1	0	1	1	-
Corporate Network and System	-	1	8	3	12	2	10	1	9
Corporate Procurement	-	1	-	-	1	0	1	1	-
Funding External Organisations	3	6	1	-	10	0	10	9	1
General Ledger	1	12	2	-	15	4	11	10	1
Health and Safety Management	-	2	1	-	3	3	-	-	-
Housing Procurement	2	2	-	-	4	0	4	4	-
Payroll at Service Level	-	5	1	-	6	3	3	3	-
Purchase Ledger	2	-	1	-	3	0	3	3	-
Regeneration Outcome Agreement	1	1	-	-	2	0	2	2	-
Risk Management and Monitoring	-	4	-	-	4	2	2	2	-
Roads Maintenance	3	9	-	-	12	5	7	7	-
Street Lighting	4	2	-	-	6	2	4	4	-
Sundry Debtors	1	1	-	-	2	1	1	1	-
Throughcare and Aftercare	1	-	-	-	1	0	1	1	-
TOTAL	20	69	15	4	108	33	75	63	12

